Subsequently, further problems have developed, viewed from the Canadian side. The Canadian government to its surprise discovered the proportion of Mexican heavy oil will be higher than expected, perhaps as much as 60 per cent of the total. Even so, the 50,000 barrel a day commitment by the end of 1980, specified in the joint communiqué, may not be reached.

The Mexican government made clear in the talks preceding these agreements and in the joint agreement itself that the oil sales had to be matched on Canada's part by a commitment to industrial and economic co-operation. The specific areas of economic co-operation were identified in the joint communiqué: mining and processing, wood products and by-products, transportation equipment, agro-industry and food processing, petroleum and gas equipment and services, petrochemicals, telecommunications equipment, electrical power generation and transmission equipment and consulting services. Mexico is looking for ways to accelerate the transfer of technology from more industrialized countries and in these linkage agreements, tying oil sales to specific commitments in designated industrial areas, she has discovered a mechanism to achieve it. Although President Lopez Portillo refused to commit his government to more than the 50,000 barrels a day figure, he did leave the door open for a future increase. This was also linked to Canada's fulfillment of her pledges in industrial co-operation. The message was clear. If Canada wants more Mexican oil in the 1980s, she has to make a maximum effort to help Mexico through transfers of technology in those designated areas of special expertise. This is the challenge which faces Canadian government and industry alike. The pay-off for success will be greater export contracts and closer ties with Mexico, as well as an opportunity to purchase more Mexican oil.

The dominant issues of oil and trade have shifted the whole focus of Canadian-Latin American relations, as Secretary of State for External Affairs, Mark MacGuigan, made clear in his first speech on Canada's foreign policy on behalf of the newly elected government of Pierre Trudeau. Canadian policy is consciously moving away from treating Latin America as one entity or region, although in areas like aid through the Inter-American Development Bank or Canada's permanent observer status at the Organization of American States (OAS) the regional view will remain. Canadian policy will now try to concentrate on specific bilateral or country-to-country relations. But not every Latin American country will be accorded equal treatment. The criteria for Canadian policy will be the economic and political interest to Canada, with economic considerations ahead of and in many ways dictating the political interests. Using these criteria, the External Affairs minister underlined the special importance of Brazil, Mexico and Venezuela for Canada. He cited Brazil's economic potential not just for trade, but also for Canadian investment.

The government's decision this year to upgrade the Canadian consulates in São Paulo and Rio de Janeiro to consulates-general in the hope of expanding bilateral trade is another illustration of Brazil's growing economic importance to Canada. A study published in 1971 for the Canadian Association for Latin America (CALA) suggested that Canada's direction in trade policy in turn would determine Canadian aid and investment policies in Latin America. The executive director of CALA in a recent speech claimed that Canadian assets in the Latin American and Caribbean regions now exceed 18 billion dollars with more than 2.5 billion invested in the southern and central region of Brazil. Certainly, Canadian investment in Latin America has multiplied rapidly during the last decade and there is every reason to think this growth will continue, especially given the economic thrust of the Liberal government's Latin American policy. As MacGuigan implies, the principal shift in policy towards Latin America is the stress on trade and economic co-operation and the focus on selected countries where the commercial opportunities seem greatest.

Lobby group

This new policy appears to echo the sentiments of Canadian business as expressed through its large and increasingly powerful lobby, CALA, which celebrated its tenth anniversary last year. It now represents upwards of 200 companies, a marked expansion from the 50 that founded it in 1969 and a demonstration of the growing interest of Canadian business in Latin America. Although CALA is partially supported by government funds, its real function is to represent the views of Canadian business to the Canadian government and to encourage trade and investment between Canada and Latin America. Two Ministers of State for Trade, Michael Wilson (in Joe Clark's government) and the incumbent Minister, Ed Lumley, each made his first ministerial speech to a CALA conference. In 1976, Pierre Trudeau addressed a CALA conference in Venezuela. As the unified voice of Canadian business interests, the association is playing an even more influential role in the development of Canadian policy towards Latin America.

Canadian business, not surprisingly, endorses the new commercial strategy. Businessmen are anxious to develop what they see as a potential for new markets in the southern cone countries of Argentina and Chile. They are equally desirous of increasing trade with Cuba, Canada's fourth largest Latin American trading partner. Ideology is irrelevant to Canadian businessmen. They are as happy to trade with the military dictators of Argentina and Chile as they are with Fidel Castro. They are also prepared to search out new forms of trade and economic co-operation, sensing economic benefits in joint ventures and in international partnerships involving both public and private enterprise. The transfer of advanced technology to countries now clas-